STATE LAND DEPARTMENT STATE OF ARIZONA

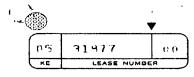
GRAZING LEASE

| THIS INDENTURE made and entered into | this 3rd day of April 19 75 |
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| by and between the State of Arizona, herein | after called the lessor, and |
| INSPIRATION CONSOLIDATED CO | PPER COMPANY |
| | |
| of | a hereinafter called the lessee: |
| law, and in consideration of the application he this lease, hereinafter set forth, has this day | nmissioner, by virtue of the authority vested in him by retofore made, and the covenants and agreements of leased to the said lessee the State Land, as hereinafter that may be known to be due or that may be proven |
| TO HAVE AND TO HOLD the same for the p | eriod ending the 31st day of October |
| which lessee agrees to pay for each year, or fr the appraisals to be made from time to time by | tions and reservations elsewhere set forth herein, for actional year, rental in advance as found to be due from the State Land Commissioner, or his duly authorized of Arizona and the Rules and Regulations of the State |
| | REED by both parties hereto, that this lease is issued thereto, which are found in the various Acts of the though they were fully set forth herein. |
| and agreements, together with the descriptio | AND AGREED that all of the covenants, conditions n of the land included in this lease, contained in the shall be, become and are part of the lease, the same of the contracting parties hereto. |
| in him by law, has caused these presents to be | Land Commissioner, by virtue of the powers vested executed by said lessor, at Phoenix, Arizona, on the lessee has hereunto affixed his signature at the place |
| | STATE OF ARIZONA, LESSOR |
| · | |
| | By State Land Commissioner. |
| (SEAL) | Ву |
| Signed in the County ofGila, State of | f Arizona , on the 9th day of |
| | on the day of |
| Apr11 , 1975 | INSPIRATION CONSOLIDATED COPPER COMPANY |
| • | (Sign Here) (17) (16) (Sign Here) (Sign Here) (17) (16) (16) (16) (16) (16) (16) (16) (16 |
| | |
| This lease is issued in duplicate | · · |
| Form A-11 | i de la companya de |



STATE OF ARIZONA

INSPIRATION CONSOL CORRER COMPANY INSPIRATION 62 35537



| 6 · | | | | | | | | | ACRES INC FUND | | | | | |
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| I | NSPI | RAT | ΪΟΙ | N C | ONS | OĻI | DA' | CED COPPER COMPANY | | <u> </u> | | | | |
| 1 | | ハブ, Pro | / / a1: | | | OLI Ce | ne | ral Manager 4/9/75 | TOT | AL ACREAC | ! | | | |
| COM | AISSIO | NER: | 3.4. | -611 | | | | hjan 4-14-75 | | 70 | ^n | | | |

(Ma) Defore the lessee shall exceed the 110% of the appraised carrying capacity, he shall obtain written permission from the State Land Commissioner and pay the additional fees as provided by law.

- (N) It is understood by the lessee that the establishment of any water right, or rights, shall be by and for the State of Arizona, and that no claim thereto shall be made by said lessee; such rights shall attach to and become appurtenant to the said land.
- (O) If the lessee desires to place improvements on the land described herein, the approval of the State Land Commissioner must first be obtained.
- (P) This lease is offered by the lessor and is accepted by the lessee with the express understanding, not withstanding any provisions herein to the contrary, that it may be terminated by the State Land Commissioner upon thirty (30) days written notice at any time as to any land which may be reclassified as agricultural, commercial, homesites or other classifications. The State Land Commissioner expressly reserves complete discretion in respect thereto.
- (Q) The terms, conditions and covenants of this lease are subject to present laws relating to state lands and the rights of both lessor and lessee hereunder, are each and all subject to such modifications as may be consistent with such amendments, revisions or repeals of existing laws as may hereafter be made, and no provisions of this lease shall create any vested right in the lessee herein.
- (R) The Lessee agrees to indemnify, hold and save Lessor harmless against all loss, damage, liability, expense, costs and charges incident to or resulting in any way from any injuries to person or damage to property caused by or resulting from the use, condition or occupation of the land.
- (S) If at any time during the duration of this lease the whole or any part of the leased premises shall be taken for any quasi-public or public purpose by any person, private or public corporation, or any governmental agency having authority to exercise the power of eminent domain or condemnation proceedings pursuant to any law, general, special or otherwise, this lease shall expire on the date when the leased property shall be so taken or acquired and the Lessee shall have no compensable right or interest in the real property being condemned and shall have no compensable right or interest in severance damages which may accrue to the remaining lease property not acquired by condemnation proceedings. Net rent to be paid by the tenant shall be apportioned and paid to the date of such taking.
- (T) The State shall be entitled to and shall receive any and all awards, including severance damage to remaining state lands, that may be made for any eminent domain or condemnation proceedings concerning the land which is the subject of this lease, except that Lessee shall have the right to receive any and all awards or payments made for any buildings or other improvements lawfully placed on the subject property, by the Lessee with the approval of the Land Department.

SPECIAL CONDITION



This lease is issued as the result of an Application for Partial Assignment of Grazing Lease #1245, filed by Wheeler Reese and Max B. Smith. The offer of this lease does not imply a determination of the ownership of the following improvements:

Ten-inch buried pipeline, approximately 2,450 feet 500 foot water well, pump, submersible motor, power line, 500 feet 6-inch pipeline 500 foot water well (standby)
Access roads to pump station 800 foot water well, pump, submersible motor, power line, 500 feet 6-inch pipeline 121,000 gallon sump tank, valves, fittings, and foundation Booster pump station including building, mechanical and electrical equipment

The lessee is, however, authorized to use the aforementioned improvements in conjunction with its existing state mineral leases in this section, i.e., M-588 and M-643.